

January 13, 2014

Dear Honorable Board

This document serves as the committee report of the Tax Levy Review Committee (TLRC) for the Hamilton County Developmental Disabilities Services (HCDDS) levy under consideration for placement on the May ballot. The entire Tax Levy Review committee participated in the review. We were provided outstanding support in our efforts by Lisa Webb of the Hamilton County Office of Budget and Strategic Initiatives.

The HCDDS staff, lead by Alice Pavey, provided us with background information and financial analysis. Joseph Decosimo and Company, LLC (Decosimo) was engaged by the TLRC to perform review procedures. The report by Decosimo is attached as Exhibit A.

In addition to the input by HCDDS staff and Decosimo members of the committee conducted site visits, reviewed the 2009 TLRC report and the 2012 mid-term report. A public hearing for the levy was held on January 8, 2014.

### **Principal Observations**

Decosimo estimated that if the levy were to fail, the Hamilton County General Fund would have to subsidize mandatory services in the amount of \$20,160,000 in 2015 and approximately \$32,735,000 in subsequent years.

Decosimo noted that HCDDS continues to be a well-functioning organization. It received a five year best practices accreditation from the state of Ohio Department of Developmental Disabilities (ODOD).

HCDDS continues to compare well with peer jurisdictions in Ohio for case load management and cost of services.

HCDDS has maintained its quality of services while responding to economics conditions which have required service restructuring and staff eliminations.

HCDDS is currently operating at a deficit. That is, its current expenditures exceed its revenues. The deficit is funded by a reduction in its fund balance.

Decosimo noted that HCDDS has complied with the provisions of its contract with Hamilton county.

Based on present circumstances Decosimo forecast an annual deficit of \$2,640,000 per year in the next levy cycle. However, Decosimo has recommended action steps that can eliminate this deficit. These steps include the following:

1. Require all school districts to transport students to HCDDS school location.
2. Replace higher cost employees who will retire as a result of PERS and STRS changes with lower cost employees.

3. Offer an early retirement Incentive program

Decosimo projects that implementation of the above steps, and the draw down of the existing fund balance, will eliminate the operating deficit. ***If a deficit remains after these changes it may be necessary to increase the cost sharing of local school districts in order to balance their budget.***

**Recommendation**

It is the recommendation and decision of the TLRC that a levy be set at 4.13 mills which will provide annual revenue of approximately \$73.2 million. We recommend that the Decosimo action steps be implemented. In addition, we recommend that there be a claw back provision in the levy contract that will allow for a reduction in funding if there are increased revenues as a result of Medicaid expansion or revenue benefits as a result of the expansion of medical insurance due to the Affordable Care Act.

Thank you for the opportunity of reviewing the Developmental Disabilities Services levy. Please contact me if you have any questions or need further information.

Sincerely

Thomas M. Cooney

Hamilton County Tax Levy Review Committee

Chris Habel, Member

Heather Harlow, Member

Gwen McFarlin, Member

Mark Quarry, Member

Eppa Rixey, IV Member

John Silverman, Member

John Smith, Member

Ed Steiner, Member

Michael Wilson, Member

Dan Unger, Member